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**Supreme Court of the United States**

**October Term, 1942.**

**No. 126.**

**MUSHER FOUNDATION, INC.,**

*Petitioner-Plaintiff,*

*vs.*

**ALBA TRADING CO., INC.,**

*Respondent-Defendant.*

**Brief for Respondent in Opposition to Petition for  
Certiorari.**

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No. 126

MUSHER FOUNDATION, Inc.,  
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vs.

ALBA TRADING Co., Inc.,  
Respondent-Defendant.

## BRIEF FOR RESPONDENT IN OPPOSITION TO PETITION FOR CERTIORARI.

### Preface.

There is no basis for the instant petition unless this Court is prepared to rule that once a federal court has assumed jurisdiction over a federal cause of action, that then it will assume jurisdiction of any separate and distinct non-federal cause of action which is joined in the same complaint.

### POINT I.

The District Court lacked jurisdiction to entertain the subject-matter pleaded in the second cause of action.

If the phrase "single cause of action" as used in *Hurn v. Oursler*, 289 U. S. 238, 246, and "one cause of action" as used in *Armstrong Co. v. Nu-Enamel Corp.*, 305 U. S.

315, 324, mean what they imply, it would be a misnomer to speak of this action for patent infringement and unfair competition as a single or one cause of action.

“Patent infringement and unfair competition in trade are separate causes of action, distinct in their nature. There are essential differences between them. Patent infringement is the violation of an exclusive monopoly created by statute. No element of monopoly is necessary or involved in unfair competition. The doctrine of unfair competition does not forbid or discountenance the manufacture or sale by any one of articles belonging to the class constituting the subject of such competition. It merely prohibits a fraudulent or wrongful placing of the articles on the market in such manner or dress as to deceive or be calculated to deceive purchasers into the belief that such articles were manufactured or prepared and directly or indirectly placed on the market by persons other than those practicing such unfair competition. The essence of the doctrine is that no one is to be allowed fraudulently to palm off upon the public his goods as those of another. The establishment of unfair competition requires proofs and the application of principles radically different from those necessary to support a charge of patent infringement. What is necessary to constitute an act of infringement lacks some of the essential elements of unfair competition.”

Judge Bradford in

*Unit Const. Co. v. Huskey Mfg. Co.*, 241 Fed. 129,  
at p. 131 (D. C., E. D. Pa., 1917).

Although the decision in *Hurn v. Oursler*, *supra*, disposed of the conflicting conclusions reached by the various Circuit Courts of Appeals as to the right of the district court to assume jurisdiction and laid down a rule for courts to follow, in no event can the point be raised here that unfair competition may only be incidental to the

relief for patent infringement (which is sometimes alleged as an aggravation of damages), for the plaintiff can recover no damages in this suit, having failed to allege a compliance with Section 49 of Title 35 of the United States Code.

*Dunlap v. Schofield*, 152 U. S. 244 (1894);  
*Franklin Brass & Foundry Co. v. Shapiro & Aronson, Inc.*, 278 Fed. 435 (C. C. A. 3, 1921).

In the second cause of action, plaintiff sought an injunction and damages arising from defendant's unfair competition and infringement of a common-law trade name or trade-mark allegedly owned by the plaintiff.

There being no diversity of citizenship, the Court would have no jurisdiction of the action for unfair competition.

*Zenie Bros. v. Miskend*, 10 Fed. Supp. 779 (D. C., S. D. N. Y., 1935).

In the case of

*Hurn v. Oursler*, 289 U. S. 236, at 246 (1933),

this Court held, that to permit plaintiff to combine a federal with a non-federal cause of action where there is no diversity of citizenship the acts alleged must arise out of:

"identical facts as to be little more than the equivalent of different epithets to characterize the same group of circumstances."

To determine whether there has been compliance with the above rule the Courts have adopted various tests, the most important of which are:

(1) The federal and non-federal causes must be so pleaded as to constitute one cause of action.

Judge Mack said in

*Southern Pacific Co. v. Van Hoosear*, 72 Fed. (2d) 903, at 912 (C. C. A. 9, 1934):

“\* \* \* The *Oursler* case seems to be the first in which the Supreme Court has applied the cause of action test to this jurisdictional problem.”

Or as was said in

*Armstrong Co. v. Nu-Enamel Corp.*, 305 U. S. 315, at 324 (1938):

“Once properly obtained, the jurisdiction of the one cause of action \* \* \* persists to deal with all grounds supporting it \* \* \*.” (Italics ours.)

(2) There must be concurrence of evidence, i. e., the identical evidence requisite to prove the federal cause of action must prove the non-federal cause of action.

*Hurn v. Oursler*, *supra*, at p. 246;

*Armstrong v. Nu-Enamel Corp.*, *supra*, at p. 325;

*Lewis v. Vendome Bags*, 108 Fed. (2d) 16 (C. C. A. 2, 1939);

*Southern Pacific Co. v. Van Hoosear*, 72 Fed. (2d) 903, at 912 (C. C. A. 9, 1934).

The complaint at bar fails to meet these requirements. In this case the evidence necessary to prove the cause of action for patent infringement is neither identical with nor substantially similar to the evidence requisite for unfair competition.

The essence of unfair competition is the *sale* of the goods of one vendor for those of another.

*Armstrong v. Nu-Enamel*, 305 U. S. 315, at 336 (1938);

*Kellogg Co. v. National Biscuit Co.*, 305 U. S. 111, at 120 (1938);

*Lewis v. Vendome Bags*, 109 Fed. (2d) 16, at 18 (C. C. A. 2, 1939).

So that to have "identical facts" as is required by the rule of *Hurn v. Oursler* the infringement of the patent must arise from the sale of the product.

It is a well established rule of law that:

"A mere sale of the product of a process does not constitute an infringement of a process patent."

*Snell v. Potters*, 88 Fed. (2d) 611, at 612 (C. C. A. 2, 1937);

*In re Amtorg Trading Corp.*, 75 Fed. (2d) 826, at 832 (C. C. P. A. 1935), Cert. denied 296 U. S. 576.

This leaves for consideration only the question of infringement of the products covered by the patents in question.

In order for this plaintiff to bring itself within the rule that identical evidence must prove both the federal and non-federal causes of action, it must appear that the mere sale of the patented product itself and no more constitutes unfair competition and patent infringement, and that these occur simultaneously. In other words, customers must be misled and the public must be confused by the infringing product itself. The product of the patent here is an imitation olive oil. The nature of the product is such as to preclude the possibility of the consuming public recognizing the product itself, apart from the container in which it is sold, as that of the plaintiff.

*Electric Auto-Lite Co. v. P. & D. Mfg. Co.*, 109 Fed. (2d) 566 (C. C. A. 2, 1940).

Since the patents in suit relate to process and product claims of a substance which must be packaged before it is marketed, the sale of such a product cannot constitute at the same time both an act of patent infringement and unfair competition.



The plaintiff has recognized these limitations upon its action for unfair competition for in the complaint it is not alleged that customers are confused by the product (which is all that is protected by the patent), but by the label on the package (which is not protected).

The can in which this olive oil is sold and the lettering or marks thereon are separate entities, distinct and apart from the infringing product in the can. And any rights which the plaintiff may assert with reference to the can or the wording thereon are by the same token, separate and distinct and independent of any rights which it may have under its patents.

In cases involving trade-marks (*Armstrong v. Nu-Enamel, supra*), copyrights (*Hurn v. Oursler, supra*) and design patents (*Lewis v. Vendome Bags, supra*), it invariably follows that the sale of the infringing article constitutes at one and the same time both patent infringement and unfair competition. As was said in:

*Armstrong v. Nu-Enamel, supra*, at p. 325:

“The facts supporting a suit for infringement [of a trade-mark] and one for unfair competition are substantially the same.” (Language in brackets supplied.)

In the case of:

*Prince Matchabelli, Inc., v. Anhalt & Co.*, 40 Fed. Supp. 848 (D. C., S. D. N. Y., 1941),

which plaintiff said in the Court below involved a constructional patent, Judge Coxe said at page 849:

“The claims cover not only the completed purse kit, but also the method of putting it together.”

From the above statement by the Court, it can be seen that, if the patent was a constructional patent, it was the design that was embodied in the construction of

the product manufactured under the patent that brought it within the rule laid down in the *Hurn* case (*supra*).

Plaintiff has also cited

*Ross v. Newville*, 34 Fed. Supp. 466 (D. C., E. D. N. Y., 1940);

*Joyce, Inc., v. Fern Shoe Co., et al.*, 32 Fed. Supp. 401 (D. C., S. D. Cal., 1940).

The *Ross* case involved a registered trade-mark. What has already been said in this brief concerning trade-mark cases is equally applicable to the *Ross* case.

*Joyce, Inc., v. Fern Shoe Co.* is in every respect similar to *Prince Matchabelli, Inc., v. Anhalt, supra*. This will appear from an examination of the patent involved in the *Joyce* case which is discussed in *Joyce, Inc., v. Solnit*, 29 Fed. Supp. 787 (D. C., S. D. Cal., 1939). In the latter case the same Judge said:

“We are not dealing with a method of shoe construction.

• • • • •

“In other words, we have a shoe of particular construction.”

This construction was embodied in the physical appearance of the finished shoe. The defendant's sale of such a shoe could, therefore, constitute both patent infringement and unfair competition simultaneously.

In

*Lewis v. Vendome Bags*, 108 Fed. (2d) 16 (1939), certiorari denied 309 U. S. 660

the Circuit Court for the Second Circuit had before it a case involving an infringement of a design patent and unfair competition. At the trial the former charge was not proved. What was proved was unfair competition with bags not embodying the patented design. It was

held that the complaint should have been dismissed for failure to prove the unfair competition alleged. At page 17 the Court said:

“While usually a variance between pleading and proof may be corrected by an amendment to conform the bill to the proof, this, we think, is not permissible where the effect of the amendment is *to allege a cause of action beyond the jurisdiction of the Court*. Had the plaintiff pleaded the facts developed upon the trial, the bill would have charged (1) infringement of the patent and (2) unfair competition in respect to bags of an unpatented design. The latter charge sets up a separate, distinct and non-federal cause of action, as did the claim of unfair competition in respect to the uncopyrighted revision of the plaintiff's play in *Hurn v. Oursler, supra*, 289 U. S. 248.” (Italics ours.)

The plaintiff's unfair competition action is based entirely upon the defendant's use of the word “INFUSED” on its packages. It appears from paragraph 12 of the complaint that it is the name “INFUSED” as used on a package and not the product of the patent which has

“acquired a secondary meaning as indicating in the trade and to the public a product produced under the supervision of and having the seal of approval of the plaintiff herein.”

It is clear that under the patents the plaintiff acquired no rights to the word “INFUSED” or to the packages in which the product is sold. The evidence required to prove the unfair competition arising from the use of the word “INFUSED” would therefore be irrelevant to proof of the patent infringement action, and, conversely, the patent infringement testimony would be irrelevant in the unfair competition action.

It has been held that where the facts required to prove the non-federal cause of action are irrelevant to proof

of the federal cause of action, that then they do not arise out of the same facts and therefore cannot be included or considered to be part of the same cause of action within the requirement of the *Hurn* case.

*Snell v. Potters*, 88 Fed. (2d) 611, at 612 (C. C. A. 2, 1937);

*Hydraulic Press Mfg. Co. v. Columbus Malleable Iron Co.*, 35 Fed. Supp. 603, at 605 (D. C., Ohio, 1940);

*White v. Reach*, 26 Fed. Supp. 77, at 79 (D. C., S. D. N. Y., 1939).

Indeed, plaintiff's right to appeal must depend upon the action for unfair competition being an independent cause of action, for otherwise no appeal would lie.

*United States v. River Rouge Imp. Co.*, 269 U. S. 411 (1926);

*Collins v. Metro-Goldwyn Pictures Corp.*, 106 Fed. (2d) 83 (C. C. A. 2, 1939).

## POINT II.

**This Court will strictly construe the right of the Federal Court to assume jurisdiction over actions rightfully belonging to state courts.**

"It hardly needs statement that the jurisdiction as limited and fixed by Congress cannot be enlarged or extended by uniting in a single suit causes of action of which the court is without jurisdiction with one of which it has jurisdiction. Upon this point the rule otherwise prevailing respecting the joinder of causes of action in suits in equity must of course yield to the jurisdictional statute."

Mr. Justice Van Devanter speaking for a unanimous court in the case of

*Geneva Furniture Co. v. Karpen*, 238 U. S. 254, at page 259 (1914).

Nor did the new rules of Civil Procedure intend to give nor could they give the District Court this additional jurisdiction.

Rule 82 of the Rules of Civil Procedure for the District Courts of the United States.  
*Washington-Southern Navigation Co. v. Baltimore & Philadelphia Steamboat Co.*, 263 U. S. 629, p. 635 (1923).

The basis for this limitation upon the judicial power lies in the Constitution.

Constitution of the United States, Article III, Section 2.  
*City of Indianapolis, et al., v. The Chase National Bank*, 314 U. S. 63 (1941), where

this Court said at page 76:

“These requirements, however technical seeming, must be viewed in the perspective of the constitutional limitations upon the judicial power of the federal courts and of the judiciary acts in defining the authority of the federal courts when they sit, in effect, as state courts (see *Madisonville Traction Company v. Mining Company*, 196 U. S. 239, 255, and *Ex Parte Schollenberger*, 96 U. S. 369, 377). The dominant note in the successive enactments of Congress relating to diversity jurisdiction is one of jealous restriction, of avoiding offense to state sensitiveness, and of relieving the federal courts of the overwhelming burden of ‘business that intrinsically belongs to the state courts’ in order to keep them free for their distinctive federal business (see Friendly, *The Historic Basis of Diversity Jurisdiction*, 41 Harv. L. Rev. 483, 510; *Shamrock Oil Corp’n v. Sheets*, 313 U. S. 100, 108-109; *Healy v. Ratta*, 292 U. S. 263, 270). ‘The policy of the statute (conferring diversity jurisdiction upon the district courts) calls for its strict construction. The power reserved to the states, under the Constitution, to provide for the determination of controversies in their courts may

be restricted only by the action of Congress in conformity to the judiciary sections of the Constitution. Due regard for the rightful independence of state governments, which should actuate federal courts, requires that they scrupulously confine their own jurisdiction to the precise limits which the statute has defined' (*Healy v. Ratta, supra*, at 270). In defining the boundaries of diversity jurisdiction this court must be mindful of this guiding Congressional policy (citing cases)."

### POINT III.

**The petition should be denied.**

Respectfully submitted,

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